MARKETING and TRANSPORTATION SITUATION

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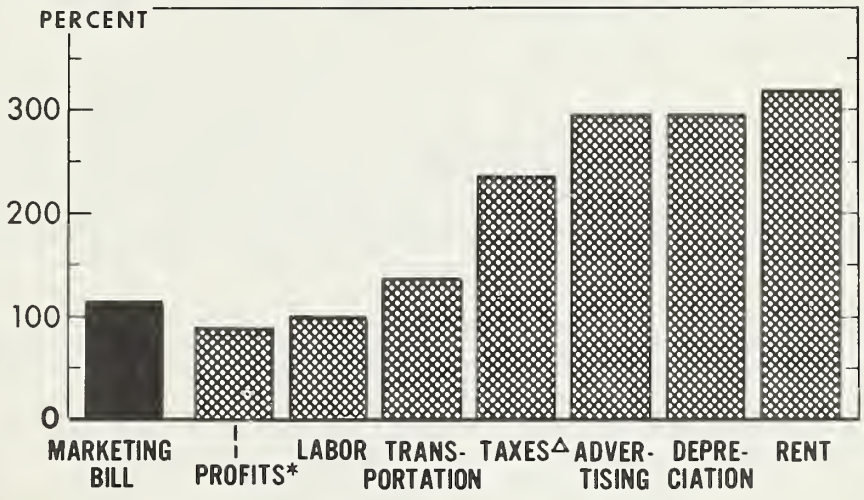
The bill for marketing domestic farm-originated food products sold to civilian consumers in this country more than doubled from 1947-49 to 1965. Of the major components of the marketing bill for which data are available, only labor costs and corporate profits (after taxes) increased by a smaller percentage than the total marketing bill. Gains in productivity held down increases in labor costs. Because of its large size, however, this component accounted for more than a third of the rise in the marketing bill. In 1965 it made up more than two-fifths of the marketing bill. The 4 fastest growing components (rent, depreciation, advertising, and taxes) combined represented little more than a tenth.

CHANGES IN THE FOOD MARKETING BILL AND MAJOR COMPONENTS, 1947-49 TO 1965



*CORPORATE PROFITS AFTER TAXES. △ DOES NOT INCLUDE FEDERAL INCOME TAXES.

U. S. DEPARTMENT OF AGRICULTURE NEG ERS 4256-66 (7) ECONOMIC RESEARCH SERVICE

IN THIS ISSUE

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1965 Year	1965 Apr.-June	1965 Oct.-Dec.	1966 Jan.-Mar.	1966 Apr.-June
Farm-to-retail price spreads						
Farm-food market basket: 1/						
Retail cost	Dol.	1,042	1,038	1,051	1,091	1,095
Farm value	Dol.	409	409	424	453	439
Farm-retail spread	Dol.	633	629	627	638	656
Farmer's share of retail cost	Pct.	39	39	40	42	40
Cotton: 2/						
Retail cost	Dol.	2.17	2.17	2.19	2.19	2.21
Farm value	Dol.	.30	.30	.29	.29	.29
Farm-retail spread 3/	Dol.	1.87	1.87	1.90	1.90	1.92
Farmer's share of retail cost	Pct.	14	14	13	13	13
Cigarettes: 4/						
Retail cost	Ct.	32.4	---	---	---	---
Farm value	Ct.	4.26	---	---	---	---
Federal and State excise taxes	Ct.	14.1	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	14.0	---	---	---	---
Farmer's share of retail cost	Pct.	13	---	---	---	---
General economic indicators						
Consumers' per capita income and expenditures: 5/						
Disposable personal income	Dol.	2,411	2,373	2,486	2,525	2,542
Expenditures for goods and services	Dol.	2,218	2,197	2,277	2,324	2,334
Expenditures for food	Dol.	439	437	453	458	462
Expenditures for food as percentage of disposable income	Pct.	18.2	18.4	18.2	18.2	18.2
		1965 Year	1965 June	1966 April	1966 May	1966 June
Hourly earnings, production workers, manufacturing 6/	Dol.	2.61	2.61	2.70	2.70	2.70
Hourly earnings of food marketing employees 7/	Dol.	2.30	2.30	2.39	2.40	---
Retail sales: 8/						
Food stores	Mil. dol.	5,577	5,534	5,981	5,930	---
Apparel stores	Mil. dol.	1,313	1,278	1,389	1,421	---
Manufacturers' inventories: 8/						
Food and beverage	Mil. dol.	6,034	6,040	6,480	6,515	---
Textile	Mil. dol.	3,130	2,879	3,173	3,153	---
Tobacco	Mil. dol.	2,371	2,317	2,395	2,394	---
Indexes of industrial production: 9/						
Food and beverage manufactures	1957-59=100	123.3	122.3	127.5	126.4	---
Textile mill products	1957-59=100	134.8	132.2	141.5	142.3	---
Apparel products	1957-59=100	145.0	145.4	149.5	---	---
Tobacco products	1957-59=100	120.5	121.8	115.8	---	---
Index of physical volume of farm marketings	1957-59=100	118	105	87	90	---
Price indexes						
Consumer price index	1957-59=100	109.9	110.1	112.5	112.6	112.9
Wholesale prices of food 10/	1957-59=100	104.5	105.5	110.2	109.1	109.0
Wholesale prices of cotton products	1957-59=100	100.2	100.2	102.3	102.6	102.8
Wholesale prices of woolen products	1957-59=100	104.3	104.0	106.3	106.4	106.5
Prices received by farmers	1957-59=100	102	106	110	109	109
Prices paid by farmers, interest, taxes, and wage rates 11/	1957-59=100	110	110	114	114	114

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Farm-retail spread does not include Federal payments made through issuance of payment-in-kind certificates to domestic users of eligible U.S. raw upland cotton. This payment amounted to 6.5 cents per pound of raw cotton from April 1964, through July 1965, and 5.75 cents beginning in August, 1965. 4/ Data for package of regular-sized popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for year ended June 30, 1966. 5/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data. 6/ Dept. Labor. 7/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 8/ Seasonally adjusted, Dept. Commerce. Sales data for 1965 are averages of monthly totals (unadjusted). Inventory data for 1965 are book values at end of year (adjusted). 9/ Seasonally adjusted, Board of Governors of Federal Reserve System. 10/ Fresh and dried fruits and vegetables, eggs, and processed foods; Dept. Labor. 11/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, August 2, 1966

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SUMMARY

The retail cost of the market basket of farm foods averaged about the same in the second quarter this year as in the first quarter. The second quarter average was 5 percent higher this year than in 1965. Meat products accounted for more than half the rise, although retail prices of many products averaged higher this year than a year earlier.

The farm value (returns to farmers) of the foods in the market basket averaged about 3 percent lower in the second quarter this year than in the first. Most of the decline resulted from lower prices for meat animals, poultry, and eggs. Despite this decline, the farm value in the second quarter was up 7 percent from a year earlier. Farm values of all major product groups in the market basket except fruits and vegetables were higher than in the second quarter last year. Lower prices for potatoes accounted for much of the decrease in the fruits and vegetables group.

The spread between the retail cost and farm value of the market basket increased about 3 percent from the first to the second quarter this year. Spreads widened for all product groups except bakery and cereal products. The market basket farm-retail spread was 4 percent wider in April-June than in the same months of 1965. Spreads were wider for all product groups.

The farmer's share of the consumer's farm-food dollar averaged 40 cents in the second quarter this year, 2 cents less than in the first quarter, but 1 cent more than in the second quarter of 1965.

Consumer expenditures for food rose to a seasonally adjusted annual rate of $462 per capita in the second quarter this year, 1 percent more than in January-March and 6 percent more than a year earlier. Price increases and purchases of more marketing services accounted for the rise from the second quarter of 1965.

Consumers on the average spent 18.2 percent of their income for food in the second quarter, 1966, compared with 18.4 percent in the second quarter of last year.

Highlights of Special Articles

The Marketing Bill for Farm-Food Products, p. 11.--The farm-food marketing bill totaled $52 billion in 1965, $1 billion more than in 1964. This increase was considerably smaller than the average in recent years. Rising unit marketing charges accounted for most of the increase, as the volume of products marketed increased less than 1 percent. Marketing charges per unit of product rose mainly because of a large increase in the volume of food marketed through restaurants and other eating places.

Consumers spent approximately $78 billion in 1965 for the farm-originated food products covered by the marketing bill, $3 billion more than in 1964. Returns to farmers from these products amounted to about $26 billion, up $2 billion from the preceding year.

The farm-food marketing bill increased 49 percent from 1955 to 1964. Growth in the volume of products marketed accounted for much of the increase. Labor costs, the largest component of the marketing bill, increased 34 percent; transportation, 50 percent; profits (before taxes), 50 percent; and other costs, 66 percent. Advertising, depreciation, and business taxes other than income taxes, have been among the fastest growing costs.

Transporting U.S. Wheat, Corn, and Soybeans in Export Channels, p. 24.--Corn, wheat, and soybeans accounted for 40 percent of the value of U.S. agricultural exports in the year ended June 30, 1965. Exports of these products have grown rapidly in recent years.

Japan, the Netherlands, and Canada, in that order, are the chief dollar markets for U.S. exports of these grains. India and Pakistan are the 2 largest recipients (chiefly of wheat) under public programs.

Wheat exporting in this country is concentrated at the Pacific and Gulf ports; exports of feed grains depart mainly from Great Lakes, Gulf, and Atlantic ports. During the past several years, Gulf ports have accounted for a larger volume of grain exports than the other 3 port areas combined.

During 1961-65, about 172 million tons of the 244 million tons of corn, wheat, and soybeans exported from U.S. and Canadian ports were carried in voyage chartered merchant vessels.

Rates charged by these chartered vessels have varied widely over time and also among trade routes. Rates for U.S. flag vessels are much higher than those for foreign flag vessels. Because of this rate differential, U.S. flag vessels usually are chartered only for Government cargoes.

FARM-RETAIL SPREADS FOR FARM-FOOD PRODUCTS

Retail Cost Levels Off

After rising in the first 3 months this year, the retail cost of the market basket of farm-originated foods declined slightly in April and May and hardly changed in June (table 1). 1/ It averaged $1,095 (annual rate) in the second quarter, about the same

1/ The "market basket" contains the average quantities of domestic farm-originated food products purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Since the market basket does not contain imported foods or fishery products and other foods of nonfarm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to the foods in the market basket. The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of gross revenues received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1954-66 1/

Year and month	Retail cost	Farm value 2/	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1954	933	398	535	43
1955	917	373	544	41
1956	920	369	551	40
1957	953	380	573	40
1958	1,009	407	602	40
1959	985	377	608	38
1957-59 average	983	388	595	39
1960	991	383	608	39
1961	997	380	617	38
1962	1,006	384	622	38
1963	1,013	374	639	37
1964	1,014	374	640	37
1965 3/	1,042	409	633	39
1965:				
January	1,015	381	634	38
February	1,014	386	628	38
March	1,015	384	631	38
April	1,022	397	625	39
May	1,030	407	623	40
June	1,063	423	640	40
July	1,072	424	648	40
August	1,059	417	642	39
September	1,050	412	638	39
October	1,047	415	632	40
November	1,046	414	632	40
December	1,061	443	618	42
1966:				
January	1,073	440	633	41
February	1,095	458	637	42
March	1,103	460	643	42
April	1,100	447	653	41
May	1,092	435	657	40
June	1,094	436	658	40

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics. Monthly data are annual rates.

2/ Payments to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

3/ Preliminary.

as in the preceding quarter (table 20, p. 34). The second quarter average, however, was 5 percent higher this year than in 1965.

Retail prices of many products in the market basket averaged higher in the second quarter than in the first. But increases were about offset by decreases for pork, eggs, and several other products.

Retail prices of most products averaged higher in April-June than a year earlier. Of the major product groups in the market basket, the retail cost was lower only for fruits and vegetables (table 2). The decline for this group resulted mainly from price reductions for potatoes and several of the fresh vegetables.

Farm Value Decreases From First Quarter Level

The farm value of the market basket of farm foods averaged $439 (annual rate) in the second quarter this year compared with $453 in the first (table 20, p. 34). Most of this decline resulted from decreases in prices of meat animals, poultry, and eggs. The decrease in egg prices was about in line with the usual seasonal decline from the first to the second quarter. Prices of milk for fluid use averaged slightly lower than in the previous quarter, but this decrease was offset by increases in prices of milk used in manufactured dairy products. Similarly, decreases in prices of some fresh vegetables were largely offset by increases in prices of others.

Although the farm value of the market basket of farm foods averaged about 3 percent lower in the second quarter than in the first, the second quarter average was 7 percent higher this year than in 1965. Farm values of all major product groups except fruits and vegetables were up from last year (table 2). Lower prices for potatoes accounted for much of the decrease for the fruits and vegetables group.

Farm-Retail Spreads Widen

The negligible change in the retail cost of the market basket of farm foods from the first to the second quarter and the drop in their farm value was accompanied by an increase of about 3 percent in the marketing spread (table 21, p. 35). Spreads between retail costs and farm values of all product groups except bakery and cereal products were wider in the second quarter than in the first.

At an average annual rate of $656 in the second quarter, the market basket farm-retail spread was 4 percent wider than in April-June 1965. Spreads were wider for all of the product groups (table 2). An increase of 15 percent for the meat products group accounted for most of the increase in the market basket spread.

Farmer's Share

In the second quarter, farmers received an average of 40 cents of the dollar consumers spent in retail food stores for farm-originated foods, 2 cents less than in the first quarter, but 1 cent more than a year earlier. During 1956-65, the quarterly average farmer's share varied from 36 to 41 cents.

Meat Products

The farm value of the meat products group averaged 7 percent lower in the second quarter this year than in the preceding quarter. Decreases in the prices of hogs accounted for much of this reduction. Marketing spreads increased, but the increase did not entirely offset the decline in the farm value, so the retail cost averaged 2 percent lower in the second quarter than in the first (tables 20 and 21, pp. 34-35). Decreases in prices of pork accounted for the reduction in the retail cost of the meat products group.

Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, April-June 1966 and April-June 1965

Item	Apr.-June 1966	Apr.-June 1965	Change: Apr.-June 1966 from Apr.-June 1965	
			Actual	Percentage
	Dollars	Dollars	Dollars	Percent
	Retail cost			
Market basket	1,095.16	1,038.29	56.87	5
Meat products	330.90	292.11	38.79	13
Dairy products	186.12	177.82	8.30	5
Poultry and eggs	91.07	82.63	8.44	10
Bakery and cereal products	164.71	160.83	3.88	2
All fruits and vegetables	236.09	241.04	-4.95	-2
Fats and oils	38.87	37.73	1.14	3
Miscellaneous products	47.40	46.13	1.27	3
	Farm value			
Market basket	439.13	408.91	30.22	7
Meat products	180.94	161.34	19.60	12
Dairy products	85.18	77.12	8.06	10
Poultry and eggs	51.92	46.40	5.52	12
Bakery and cereal products	35.94	32.49	3.45	11
All fruits and vegetables	64.27	71.45	-7.18	-10
Fats and oils	12.15	11.81	.34	3
Miscellaneous products	8.73	8.30	.43	5
	Farm-retail spread			
Market basket	656.03	629.38	26.65	4
Meat products	149.96	130.77	19.19	15
Dairy products	100.94	100.70	.24	1/
Poultry and eggs	39.15	36.23	2.92	8
Bakery and cereal products	128.77	128.34	.43	1/
All fruits and vegetables	171.82	169.59	2.23	1
Fats and oils	26.72	25.92	.80	3
Miscellaneous products	38.67	37.83	.84	2
	Farmer's share of retail cost			
	Percent	Percent	Percentage points	
Market basket	40	39	1	
Meat products	55	55	0	
Dairy products	46	43	3	
Poultry and eggs	57	56	1	
Bakery and cereal products	22	20	2	
All fruits and vegetables	27	30	-3	
Fats and oils	31	31	0	
Miscellaneous products	18	18	0	

1/ Less than 0.5 percent.

In spite of the decline from the first to the second quarter, the retail price of pork was about 21 percent higher in the second quarter than a year earlier (table 3). Retail prices averaged 6 percent higher than a year earlier for Choice beef and 10 percent higher for Choice lamb. Corresponding increases in farm values were 18 percent for pork and 5 percent for Choice beef. The farm value of Choice lamb averaged the same in the second quarter as in April-June 1965.

The farm-retail spread of the meat products group increased in the first and second quarters this year after decreasing in the second and fourth quarters last year when prices of meat animals were rising rapidly. In the second quarter this year, the spread had increased to near the record level reached in the fall of 1964.

The sharp increase over the year in the farm value of pork accompanied decreases in the production and marketing of hogs. Farmers reduced production in response to decreases in hog prices in 1963 and 1964. The number of hogs slaughtered was 9 percent smaller in the first 6 months this year than in the corresponding period of 1965. The farm value of beef also was higher than a year earlier, although the number of cattle slaughtered was 7 percent larger this year than last. The increase in the farm value resulted mainly from the decrease in hogs slaughtered and increased consumer demand for meat.

CONSUMER INCOME AND EXPENDITURES

Personal disposable income rose to a seasonally adjusted annual rate of $2,542 per person in the second quarter this year. It was about 1 percent higher than in the preceding quarter and 7 percent higher than in April-June 1965 (table 4). However, in dollars of constant purchasing power it averaged a shade lower in the second quarter than in the first quarter this year, but 4 percent more than a year earlier.

Consumer expenditures for goods and services (seasonally adjusted annual rate) averaged $2,334 per person in the second quarter this year, up slightly from the first quarter, and 6 percent more than a year earlier. Personal savings rose sharply, amounting to $140 per capita in the second quarter, 2 percent more than in the previous quarter, and 22 percent more than in the second quarter last year.

Expenditures for Food

Expenditures for food in the second quarter this year rose to a seasonally adjusted annual rate of $462 per person compared with $458 in the previous quarter and $437 in the second quarter 1965. Prices consumers paid for food averaged 5 percent higher in the second quarter this year than a year earlier. Expenditures for food accounted for 18.2 percent of consumer income in the second quarter compared with 18.4 percent in the second quarter of 1965.

Consumers spent an average of $439 for food in 1965 compared with $418 in 1964. The rise resulted from price increases and purchases of more marketing services, as per capita consumption of food declined slightly in 1965. Food expenditures made up 18.2 percent of consumer disposable income in 1965 compared with 21.1 percent in 1955.

Expenditures for clothing and shoes averaged $185 per person in 1965, up 6 percent from 1964. These expenditures accounted for about 8 percent of consumer disposable income in both 1964 and 1965, the same as in 1955. Consumers spent $43 per person for tobacco in 1965 and $41 in 1964. Expenditures for tobacco have taken approximately 2 percent of consumers' disposable income in each year since World War II.

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1963-65, by quarters, 1965-66

Date	Retail price per pound 1/	Wholesale value 2/	Gross farm value 3/	Byproduct allowance 4/	Net farm value 5/	Farm-retail spread			Farmer's share
						Total	Wholesale-retail	Farm-wholesale	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1963	81.0	56.1	51.1	4.5	46.6	34.4	24.9	9.5	58
1964	77.8	53.8	46.6	4.2	42.4	35.4	24.0	11.4	54
1965	81.6	57.6	51.6	4.8	46.8	34.8	24.0	10.8	57
1965									
Jan.-Mar.	78.6	53.7	47.5	4.2	43.3	35.3	24.9	10.4	55
Apr.-June	80.5	58.8	53.0	4.7	48.3	32.2	21.7	10.5	60
July-Sept.	84.2	60.3	53.9	5.4	48.5	35.7	23.9	11.8	58
Oct.-Dec.	82.9	57.8	52.1	5.2	46.9	36.0	25.1	10.9	57
1966									
Jan.-Mar.	84.6	60.6	57.4	6.0	51.4	33.2	24.0	9.2	61
Apr.-June	85.5	59.9	57.2	6.3	50.9	34.6	25.6	9.0	60
July-Sept.									
Oct.-Dec.									
Pork									
1963	57.3	40.3	31.0	3.9	27.1	30.2	17.0	13.2	47
1964	56.4	40.0	30.7	4.0	26.7	29.7	16.4	13.3	47
1965	64.3	49.5	42.1	5.5	36.6	27.7	14.8	12.9	57
1965									
Jan.-Mar.	56.8	41.3	32.9	4.5	28.4	28.4	15.5	12.9	50
Apr.-June	59.7	46.2	38.8	5.1	33.7	26.0	13.5	12.5	56
July-Sept.	69.7	54.2	46.6	5.8	40.8	28.9	15.5	13.4	59
Oct.-Dec.	70.7	56.2	50.1	6.4	43.7	27.0	14.5	12.5	62
1966									
Jan.-Mar.	78.1	59.6	53.3	7.0	46.3	31.8	18.5	13.3	59
Apr.-June	72.4	53.7	46.1	6.3	39.8	32.6	18.7	13.9	55
July-Sept.									
Oct.-Dec.									
Lamb, (Choice grade)									
1963	71.3	48.7	42.9	6.3	36.6	34.7	22.6	12.1	51
1964	73.6	52.5	46.8	7.1	39.7	33.9	21.1	12.8	54
1965	78.6	58.4	53.2	7.9	45.3	33.3	20.2	13.1	58
1965									
Jan.-Mar.	75.6	55.3	50.2	8.1	42.1	33.5	20.3	13.2	56
Apr.-June	79.2	61.0	54.8	8.2	46.6	32.6	18.2	14.4	59
July-Sept.	83.0	58.8	53.7	6.8	46.9	36.1	24.2	11.9	57
Oct.-Dec.	80.4	58.4	54.1	8.5	45.6	34.8	22.0	12.8	57
1966									
Jan.-Mar.	85.7	65.0	61.2	10.2	51.0	34.7	20.7	14.0	60
Apr.-June	86.9	60.5	55.8	9.2	46.6	40.3	26.4	13.9	54
July-Sept.									
Oct.-Dec.									

1/ Estimated weighted average price of retail cuts. 2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb. 3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October. 4/ Portion of gross farm value attributed to edible and inedible byproduct. 5/ Gross farm value minus byproduct allowance.

Most of the farm values, wholesale values, and spreads for beef and pork for 1965 and 1966 have been revised.

Table 4.--Per capita income and expenditures for food and other goods and services, United States, annual 1960-65 and quarterly 1965-66 1/

Year	Disposable personal income	Personal consumption expenditures: Food: Actual	Food: Percentage of disposable income 2/	Other goods and services: Actual	Other goods and services: Percentage of disposable income 2/
	Dollars	Dollars	Percent	Dollars	Percent
1960	1,937	388	20.0	1,412	72.9
1961	1,983	392	19.8	1,432	72.2
1962	2,064	399	19.3	1,503	72.8
1963	2,136	404	18.9	1,576	73.8
1964	2,273	418	18.4	1,671	73.5
1965	2,411	439	18.2	1,779	73.8
	Annual rates, seasonally adjusted				
1965					
Jan.-Mar.	2,339	427	18.2	1,735	74.2
Apr.-June	2,373	437	18.4	1,760	74.2
July-Sept.	2,443	440	18.0	1,792	73.4
Oct.-Dec.	2,486	453	18.2	1,824	73.4
1966					
Jan.-Mar.	2,525	458	18.2	1,866	73.9
Apr.-June	2,542	462	18.2	1,872	73.6

1/ Per capita income and expenditures for food, 1929-59, published in the February 1966 issue of The Marketing and Transportation Situation (MTS-160).
2/ Percentages calculated from total disposable income and expenditures.

Compiled from revised estimates published by the Office of Business Economics, Department of Commerce.

The Marketing and Transportation Situation is published in February, May, August, and November.

The next issue is scheduled for release on November 21, 1966.

Revised Estimates of the Marketing Bill Statistics

The marketing bill statistics presented in this article differ from those previously published. New estimates were made for Census Years 1947, 1954, and 1958 by the "commodity flow" method. Data for intervening years and 1959-65 were interpolated or extrapolated with the annual series formerly published. The commodity flow approach is believed to provide more accurate estimates. It utilizes data published by the Bureau of the Census and other organizations which were not used in deriving the old estimates. Product coverage is more explicit in the commodity flow method than in the former method which provided only implicit coverage of many consumer products, especially the newer products. In addition, the commodity flow procedure provides annual data for commodity groups and data for marketing agencies in census years. When the commodity flow estimates for 1963 are available, the data for 1958-65 will be revised. Commodity flow estimates for 1929, 1935, and 1939, as well as for post-war years, and additional analyses of the data and a description of the method are contained in a bulletin planned for publication by the Economic Research Service.

The bill for marketing food products from farmer to consumer totaled $52 billion in 1965, 2 percent above the 1964 total (table 5). 1/ Returns to farmers (the farm value) for the equivalent farm products increased 9 percent to about $26 billion. Civilian expenditures for these foods were 4 percent higher than in 1964. Farmers received 70 percent of the 1965 increase in expenditures and marketing agencies received 30 percent.

An increase in the volume marketed was responsible for 22 percent of the increase in the marketing bill. Increased marketing charges per unit of product were responsible for the other 78 percent. The rise in unit marketing charges was the result of an increase in services per unit. The increase in services was caused by a 10-percent increase in the volume of food served by eating places, considerably more than the increase in the volume of food sold by retail food stores. The increase in total volume marketed was smaller than the increase in population.

The 2-percent increase in the marketing bill for 1965 was considerably less than the average annual increase during 1955-65. The smaller-than-average increase resulted from decreases in the volume of meat products marketed and in the marketing spreads for these products. Increases in marketing bills for other product groups more than offset the decrease for meat products.

1/ The marketing bill is the difference between the total expenditures by civilian consumers for domestic farm-food products and the farm value or returns that farmers received for the equivalent farm products. It is an estimate of the total charges for transporting, processing, wholesaling, and retailing farm foods. Foods sold in the form of meals in restaurants and other eating places and those sold at less than retail prices are valued at the point of sale. Estimates do not include the value of food products not produced on farms in the United States, foods consumed on farms where produced, or foods not sold to civilian consumers in this country.

Table 5.--The marketing bill, farm value, and consumer expenditures for domestic farm-food products bought by civilians, United States, 1947-65

Year	Total marketing bill	Farm value 1/	Civilian expenditures for farm foods 2/	Year	Total marketing bill	Farm value 1/	Civilian expenditures for farm foods 2/
	Billion dollars	Billion dollars	Billion dollars		Billion dollars	Billion dollars	Billion dollars
1947	22.6	19.3	41.9	1957	37.9	20.4	58.3
1948	24.9	19.9	44.8	1958	39.5	21.5	61.0
1949	26.0	17.4	43.4	1959	42.2	20.9	63.1
1947-49 avg.	24.5	18.9	43.4	1957-59 avg.	39.9	20.9	60.8
1950	26.0	18.0	44.0	1960	44.2	21.7	65.9
1951	28.7	20.5	49.2	1961	45.1	22.0	67.1
1952	30.5	20.4	50.9	1962	46.9	22.4	69.3
1953	31.5	19.5	51.0	1963	48.9	22.6	71.5
1954	32.3	18.8	51.1	1964	51.2	23.4	74.6
1955	34.4	18.7	53.1	1965 3/	52.1	25.5	77.6
1956	36.3	19.2	55.5				

1/ The farm value is the payment to farmers for the products equivalent to those sold to consumers. The values of inedible byproducts, nonfood products, and exports are not included. In calculating the farm value of wheat products, the cost of domestic wheat marketing certificates to wheat processors was added to the market price of wheat beginning in the second half of 1964.

2/ Consumer expenditures for domestic farm-food products; excluded are expenditures for imported foods, seafoods, and other foods of nonfarm origin.

3/ Preliminary.

Beginning with 1960, estimates in this table are for 50 states.

A 17-percent increase in the farm value of meat products was the main cause of the increase in the total farm value. The farm values of all other groups also increased but the percentage increases were much smaller than the 9-percent average increase for all groups.

Between 1955 and 1965, consumer expenditures increased 46 percent. Farmers received 28 percent of the total increase and marketing agencies received 72 percent. The marketing bill increased in every year during the 1955-65 period, and the farm value increased in every year except 1959.

The 20-percent increase in volume of products marketed was the major cause of the increase in the farm value from 1955 to 1965. Farm prices of food products fluctuated within narrow limits from 1955 to 1964 except for a sharp increase in 1958 followed by an equally sharp drop in 1959. In 1965, they again increased sharply to about the same level as in 1958.

Processors accounted for $19 billion of the total marketing bill in 1963 (table 6). Retail stores and eating places accounted for $12 billion and $10 billion, respectively. Assemblers, transportation, and wholesalers received the remaining

Table 6.--Consumer expenditures for domestic farm-originated foods, farm value, and marketing bill and its components, 1947, 1954, 1958, and 1963

Items	1947	1954	1958	1963 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Consumer expenditures	41.9	51.1	61.0	71.5
Farm value	19.3	18.8	21.5	22.6
Total marketing bill	22.6	32.3	39.5	48.9
Assembly 2/	1.3	1.6	1.5	1.7
Processor 3/	8.1	12.3	15.8	19.0
Transportation 4/	1.2	1.7	1.9	2.1
Wholesaler	2.2	3.0	3.7	4.4
Retailer	5.0	7.1	8.7	11.5
Eating places	4.8	6.6	7.9	10.2

1/ Preliminary

2/ Assembly component includes some transportation from farm to processor, packing of fresh fruits and vegetables, and other charges for handling raw farm products.

3/ Direct and indirect processing. Direct processing is the primary processing of the final product, such as combining of flour, sugar, and other ingredients into bakery products. . Direct processing charges also include the costs of minor food ingredients, packaging materials, supplies, and fuel and power. Indirect processing is the processing and distribution (including transportation) of intermediate food products used in other food products. For example, charges for transportation and wholesaling of flour used in bakery products, as well as those for milling grain into flour, are indirect processing costs.

4/ Transportation charges are only for the finished products destined for consumers. Transportation charges from farm to manufacturer or assembler, such as those for wheat shipped from elevator to mill, are included in the assembly bill. Transportation of intermediate products such as flour and sugar used in bakery products is included in the processors' bill.

$8 billion. The processors' share increased from 36 percent in 1947 to 39 percent in 1963. The shares for retail stores and eating places were about the same in 1963 as in 1947. Other data indicate an increase in the relative importance of eating places since 1963.

Components of the Marketing Bill

Labor

The labor used by assemblers, manufacturers, wholesalers, retailers, and eating places to market domestic farm-food products cost $21.9 billion in 1965 compared with $21.0 billion in 1964 (table 7). This labor not only includes work performed by production and clerical workers, but also that performed by supervisors, managers, officers, proprietors, and family members. Fringe benefits as well as payrolls are included. The labor cost component represented 42 percent of the marketing bill in 1965 compared with 41 percent in 1964 and 46 percent in 1955.

Labor costs per hour worked increased 46 percent between 1955 and 1965 (table 8). Part of this increase was offset by an increase in output per man-hour so that labor

Table 7.--Labor, transportation, corporate profits, and other costs for marketing farm food products, United States, 1947-65 1/

Year	Labor 2/	Rail and truck transportation 3/	Corporate profits 4/		Other 5/	Total marketing bill
			Before income taxes	After income taxes		
	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars	Billion dollars
1947	10.2	2.0	1.5	1.0	8.9	22.6
1948	11.2	2.2	1.3	.8	10.2	24.9
1949	11.7	2.3	1.3	.7	10.7	26.0
1950	12.2	2.7	1.6	.9	9.5	26.0
1951	13.0	2.7	1.3	.6	11.7	28.7
1952	13.8	3.1	1.4	.6	12.2	30.5
1953	14.6	3.3	1.5	.7	12.1	31.5
1954	15.3	3.4	1.5	.7	12.1	32.3
1955	15.7	3.4	1.8	.9	13.5	34.4
1956	16.3	3.8	1.9	.9	14.3	36.3
1957	16.8	3.9	1.9	.9	15.3	37.9
1958	17.1	4.2	1.9	.9	16.3	39.5
1959	17.8	4.5	2.1	1.0	17.8	42.2
1957-59 average	17.2	4.2	2.0	.9	16.5	39.9
1960	18.7	4.6	2.1	.9	18.8	44.2
1961	18.8	4.9	2.2	1.0	19.2	45.1
1962	19.7	4.9	2.2	1.0	20.1	46.9
1963	20.3	5.0	2.4	1.2	21.2	48.9
1964	21.0	5.1	2.7	1.4	22.4	51.2
1965 6/	21.9	---	2.9	1.5	---	52.1

1/ For domestic farm foods bought by civilian consumers in this country.

2/ Labor cost includes imputed earnings of proprietors, partners, and family workers not receiving stated remuneration. It also includes supplements to wages and salaries such as social security and unemployment insurance taxes and health insurance premiums, but it does not include the cost of labor employed in for-hire transportation.

3/ Includes charges for the protective services, heating and refrigeration; does not include local hauling; charges for intercity transportation by water and air are a part of the "other" or residual component of the marketing bill.

4/ Does not include profits of unincorporated firms or transportation firms.

5/ Residual component; includes other costs such as advertising, depreciation, fuel, electric power, containers, packaging materials, air and water transportation, interest on borrowed capital, taxes other than those on income, and noncorporate profits. Data for some of these items for some years are given in table 13.

Beginning with 1960, estimates in this table are for 50 states.

Table 8.--Average hourly labor cost and labor cost and profits per unit of product for marketing farm food products, United States, 1947-65 1/

(1957-59=100)

Year	Hourly labor cost 2/	Unit labor cost 3/	Profit per unit of product 4/	
			Before taxes	After taxes
1947	58	74	96	127
1948	63	84	82	103
1949	67	86	80	100
1950	69	86	99	115
1951	74	92	83	80
1952	77	94	82	75
1953	82	96	86	83
1954	87	97	82	79
1955	89	96	97	99
1956	92	96	99	100
1957	97	98	97	96
1958	100	101	99	99
1959	103	101	104	105
1960	108	103	98	94
1961	112	104	101	100
1962	117	107	101	98
1963	121	106	108	108
1964	126	105	---	---
1965 5/	130	109	---	---

1/ For domestic farm-originated foods bought by civilian consumers in this country.
2/ Hourly labor cost derived by dividing total labor cost (table 7) by total man-hours worked.
3/ Unit labor cost is the quotient of the indexes of total labor cost (table 7) and of volume of farm-food product marketed to civilian consumers. The index of farm-food products marketed was constructed by weighting the quantities sold by 1957-59 average retail prices.
4/ Profit per unit of product is the quotient of the index of total corporate profits from marketing farm foods produced and consumed in the United States (table 7) and the index of the volume of farm-food products marketed.
5/ Preliminary.

costs per unit of food marketed increased only 14 percent. The relatively large increase in unit labor costs in 1965 was caused mainly by the increase in employment in eating places as a result of the sharp increase in the volume of food handled by this part of the marketing system.

Compensation of corporation officials makes up a relatively small part of the labor cost component of the marketing bill, based on data reported by a sample of food marketing corporations for most years from 1947 to 1960 (table 9). The percentage of total labor costs represented by officers' compensation generally varied little from year to year. However, it declined in several lines of food marketing from 1947 to 1960. In 1960, the percentage varied from 0.8 percent for corporations producing meat products and in retail trade to 7.7 percent for corporations in wholesale trade.

Table 9.--Compensation of officers as percentage of total labor cost reported by samples of food marketing corporations

Year	Retail trade	Wholesale trade	Manufacturing			
			Meat products	Dairy products	Baking	Canning
	Percent	Percent	Percent	Percent	Percent	Percent
1947-49 avg.	1.2	8.5	0.8	2.2	1.5	2.2
1950	1.2	9.0	.9	2.2	1.4	2.0
1951	1.2	8.4	.9	2.0	1.4	2.1
1952	.9	7.8	.7	2.0	1.3	1.9
1953	1.0	7.8	.8	2.0	1.3	1.9
1954	1.0	7.5	.8	2.1	1.1	2.0
1955	1.0	7.7	.7	2.0	1.1	1.8
1956	.9	8.0	.7	1.9	1.0	1.7
1/						
1959	.9	6.9	.8	.9	1.0	1.9
1960	.8	7.7	.8	.9	1.0	1.9

1/ Data for 1957-58 are not available.

Percentages computed from data for samples of corporations supplied by the Internal Revenue Service.

Compensation of officers as a percentage of total labor costs tended to vary inversely with the size of the corporation. This tendency may have accounted for the larger percentage in wholesale trade where average corporate size is smaller than in food manufacturing and slightly smaller than in food retailing.

Little increase in number of workers.--The number of persons engaged in marketing farm-food products increased slightly in 1965 for the second consecutive year (table 10). These increases may be a significant break in the downward trend from 1956 to 1963. The recent increases occurred mainly in retail stores and eating places. The number engaged in processing declined slightly, and the number in wholesale trade remained about the same.

The total number of food marketing workers in 1965 was nearly the same as in 1955. An 8-percent decrease in the number in food processing and a 9-percent decrease in retail stores were about offset by a 13-percent increase in eating places and a 9-percent increase in wholesaling. The different rates of growth in numbers of workers in various sectors were influenced by the different rates of increase in productivity. For food processors, productivity gains kept pace with the increase in volume marketed, but in eating places improvements in productivity did not keep up with increases in volume and in services per unit of food marketed.

Rail and Truck Transportation

The bill for hauling farm-originated food products by trucks and railroads represented about 10 percent of the total bill in 1964, the same percentage as in 1955 (table 7). Data for 1965 are not available. Most, or all, of the increase in this component of the marketing bill since 1958 has resulted from growth in the volume of

Table 10.--Number of persons (full-time equivalent basis) engaged in marketing domestic farm-food products bought by civilian consumers, 1947-65 1/

Year	Manufacturing	Wholesaling and assembling	Retail stores	Away-from-home eating places	Total
	Thousands	Thousands	Thousands	Thousands	Thousands
1947	1,323	364	1,435	1,233	4,355
1948	1,334	385	1,497	1,220	4,436
1949	1,327	403	1,486	1,218	4,434
1950	1,355	388	1,483	1,217	4,443
1951	1,331	379	1,498	1,250	4,458
1952	1,371	407	1,489	1,279	4,546
1953	1,389	432	1,483	1,321	4,625
1954	1,378	454	1,475	1,323	4,630
1955	1,387	438	1,463	1,373	4,661
1956	1,383	446	1,458	1,416	4,703
1957	1,356	473	1,435	1,425	4,689
1958	1,334	475	1,409	1,430	4,648
1959	1,326	480	1,388	1,460	4,654
1960	1,336	483	1,373	1,466	4,658
1961	1,320	474	1,278	1,446	4,518
1962	1,298	475	1,274	1,463	4,510
1963	1,291	475	1,278	1,455	4,499
1964	1,281	476	1,301	1,515	4,573
1965 2/	1,273	479	1,336	1,554	4,642

1/ These workers include full- and part-time employees, partners, proprietors, and unpaid family workers engaged in marketing the food covered by the farm-food marketing bill (table 5). Reported numbers of workers have been converted to full-time equivalent numbers. In general, the proportion of workers included from a food processing or food distributing agency equals the proportion of the agency's total sales or output represented by farm-food products. A further deduction is made for workers marketing export commodities and products sold to the armed forces.

2/ Preliminary.

products marketed. Rail freight rates for unprocessed foods and farm-produced food raw materials have declined since that year (table 11). Rate reductions were particularly significant for dressed meat, wheat, and soybeans. Data are not available regarding truck rates for these products, but it is believed that these rates did not increase during this period.

Profits

Profits (before income taxes) earned by corporations from marketing the products included in the marketing bill amounted to $2.9 billion in 1965 (table 7). This is the third consecutive year that this component has increased $0.2 billion or more. Between 1955 and 1962, these profits increased $0.4 billion. From 1962 to 1965, they increased another $0.7 billion. Corporate profits last year represented 5.6 percent of the marketing bill compared with 4.7 percent in 1962 and 5.2 percent in 1955. Profits after taxes were about 50 percent of profits before taxes in 1965 compared with 47 percent in 1962 and 49 percent in 1955. The reduction in corporate tax rates effective

Table 11.--Railroad freight rates for specified agricultural commodities, 1957-65

(1957-59=100)

Year	Livestock	Meat	Fruits and vegetables	Wheat	All grains 1/
1957	98	109	103	99	99
1958	102	100	101	101	102
1959	100	92	96	100	99
1960	99	92	94	100	98
1961	98	91	95	99	98
1962	96	91	94	96	96
1963	94	89	93	95	95
1964	93	86	93	92	93
1965 2/	93	85	93	83	88

	Soybeans	Cotton	Wool	Tobacco	Combined index
1957	97	100	106	108	101
1958	102	101	108	101	101
1959	101	100	85	91	98
1960	101	99	82	90	97
1961	96	99	83	91	96
1962	94	99	83	91	95
1963	89	99	83	91	94
1964	88	98	83	91	92
1965 2/	85	98	83	91	90

1/ Includes wheat.
2/ Preliminary.

All indexes have been revised; all reflect changes in capacity of cars and minimum weight requirements, which in effect lower the quoted rate.

in 1964 and the investment tax credit which became effective January 1, 1962, were mainly responsible for the 1962-65 increase in after-tax profits as a percentage of pretax profits.

Total corporate profits earned from marketing farm-food products have increased as capital invested by food marketing corporations has grown. These corporations have made large investments to handle the expanding volume of products, to improve efficiency, and to develop and distribute new products. Rising prices and wages have increased working capital needs. More money is needed for inventories, payrolls, and other recurring expenditures. Climbing costs of plants and equipment have pushed up investments required in fixed assets. Corporations have borrowed additional capital and have increased equity capital by investing profits and selling stock. Additions to equity capital have increased stockholders' equity. It is estimated that total stockholders' equity of corporations manufacturing food products in 1963 was 58 percent larger than in 1957-59, and stockholders' equity of those in the retail food trade was 36 percent larger (table 14).

Net profits of sole proprietorships and partnerships manufacturing and distributing food averaged $2.4 billion per year in 1960-63. (These data are not strictly comparable with the marketing bill statistics; see footnote 1 of table 12.) Almost four-fifths of these noncorporate profits were made by firms selling directly to the public through retail stores or eating and drinking places (table 12). Total profits of unincorporated food-manufacturing firms decreased each year from 1960 to 1963. Profits as a percentage of business receipts remained comparatively stable over the period for each type of firm but varied considerably by type of firm. Eating and drinking firms had profit ratios ranging from 8.2 to 8.7 percent, and those of wholesalers ranged from 3.8 to 4.1 percent.

Much of the profits reported by unincorporated firms could be considered compensation for management and labor rendered by proprietors, partners, and family workers not receiving stated salaries or wages. Estimates of imputed compensation of these workers are included in the labor cost component.

Other Costs

Other costs, the residual component of the marketing bill, increased faster than the other major components during the 1955-64 decade. This component includes advertising costs, depreciation charges, business taxes other than income taxes, rents, interest, costs of containers and packaging materials, fuel, electric power, and many other goods and services, as well as noncorporate profits. Costs of many of these items cannot be estimated. Among those for which estimates can be made, advertising, depreciation, and business taxes are the largest (table 13). These 3 accounted for about 9 percent of the marketing bill in 1964.

Depreciation charges and cash flow.--Depreciation charges make up one of the most rapidly increasing items in the marketing bill. A major cause has been the rapid growth in the total value of depreciable assets through replacement, extension, and modernization of plants and equipment. Increases in depreciation rates per dollar of assets have been another factor. These rates have increased because of a decrease in the average service life of assets arising from increased investments in equipment relative to plants, and substitution of accelerated for straight-line depreciation. In 1962 the Treasury issued new guidelines allowing shorter service lives for use in calculating depreciation.

Depreciation charges increased much more rapidly than receipts and stockholders' equity in food manufacturing corporations reporting balance sheet items to the Internal Revenue Service (table 14). In food retailing corporations, depreciation charges increased more slowly relative to receipts and stockholders' equity. Depreciation charge also increased faster than profits after taxes, particularly in food manufacturing.

The rapid increase in depreciation has been a major cause of increased cash flow, the sum of profits after taxes and depreciation. Cash flow per dollar of receipts has increased substantially. Cash flow has been the source of much of the funds spent for plants and equipment.

Table 12.--Net profits and business receipts of sole proprietorships and partnerships marketing food products, United States, 1960-63 1/

Year	Net profits 2/				
	Manufacturing	Wholesaling 3/	Retailing	Eating and drinking	Total 3/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1960	208	285	1,036	862	2,391
1961	173	268	1,023	890	2,353
1962	162	304	1,041	927	2,433
1963	132	328	984	916	2,360
	Total receipts				
1960	3,793	7,574	21,221	10,301	42,889
1961	3,090	6,798	21,812	10,318	42,017
1962	3,145	7,421	22,658	10,664	43,890
1963	2,608	8,083	20,695	11,105	42,491
	Net profits as a percentage of total receipts				
	Percent	Percent	Percent	Percent	Percent
1960	5.5	3.8	4.9	8.4	5.6
1961	5.6	3.9	4.7	8.6	5.6
1962	5.2	4.1	4.6	8.7	5.5
1963	5.1	4.1	4.8	8.2	5.6

1/ Data in this table are not strictly comparable with the food marketing bill statistics presented in this article. Data in this table neither exclude receipts and profits from nonfoods, exports and nonfarm foods marketed by food firms, nor include those from domestic farm foods marketed by nonfood firms.

2/ "Net profits" include compensation for the management and labor of proprietors and most of this compensation for partners, as well as "profits" in the corporate sense. Some of the compensation to partners for management and labor is separately reported to the IRS as "payments to partners." The amount of this item was first published by IRS in 1963 and totaled $119 million for the food marketing partnerships.

3/ Does not include wholesalers of "Farm products-raw materials" because less than half of these sales were food sales in 1963.

Compiled from Statistics of Income, U.S. Business Tax Returns, Internal Revenue Service.

Table 13.--Costs of selected items in the food marketing bill, by type of food marketing firm, 1947-49 average and annual 1962-64 1/

Item	Processors				Wholesalers 2/			
	Average 1947-49	1962	1963	1964	Average 1947-49	1962	1963	1964
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Advertising	310	913	949	1,040	42	78	98	98
Depreciation	225	781	791	869	43	154	161	161
Interest	42	131	131	141	14	22	50	52
Business taxes 3/	240	595	633	697	52	120	171	173
Rent	42	199	200	217	18	137	109	110
Repairs, contributions, bad debts	220	460	468	515	25	95	91	92
Total	1,079	3,079	3,172	3,479	194	606	680	686

Item	Retailers 4/				Total all groups			
Advertising	107	526	535	566	459	1,517	1,582	1,704
Depreciation	126	404	422	445	394	1,339	1,374	1,475
Interest	14	57	61	65	70	210	242	258
Business taxes 3/	134	381	459	484	426	1,096	1,263	1,354
Rent	163	489	523	553	223	825	832	880
Repairs, contributions, bad debts	50	143	171	181	295	698	730	788
Total	594	2,000	2,171	2,294	1,867	5,685	6,023	6,459

1/ Estimates are based on Internal Revenue Service and census data. 1963 and 1964 are preliminary. These estimates are for both corporate and noncorporate firms and relate only to domestic farm foods sold to U.S. civilian consumers.

2/ Merchant wholesalers of groceries and related products.

3/ Includes property, social security, unemployment insurance, State income, and franchise taxes, license fees, etc., but does not include Federal income tax. Social security and unemployment insurance taxes also are included in the labor cost component (table 7) as labor supplements.

4/ Includes retail food stores; does not include restaurants and other eating places.

Table 14.--Depreciation, profits, receipts, and stockholders' equity: Food manufacturers, food retailers, and all industrial corporations, selected years, 1947-49, 1957-59, and 1960-63

Item	1947-49	1957-59	1960	1961	1962	1963
	Food manufacturing corporations 1/					
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Depreciation 2/	255	659	769	799	934	1,226
Profits, after income tax	720	767	820	860	4/862	1,329
Cash flow 3/	975	1,426	1,589	1,659	1,796	2,555
Total compiled receipts	30,346	46,403	50,925	53,860	55,506	65,156
Stockholders' equity 5/	6,864	10,373	11,549	11,971	6/12,462	16,430
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Depreciation as a percentage of:						
Total compiled receipts	0.8	1.4	1.5	1.5	1.7	1.9
Stockholders' equity	3.7	6.4	6.7	6.7	7.5	7.5
Profits, after income tax, as a percentage of:						
Total compiled receipts	2.4	1.7	1.6	1.6	1.6	2.0
Stockholders' equity	10.5	7.4	7.1	7.2	6.9	8.1
Cash flow as a percentage of:						
Total compiled receipts	3.2	3.1	3.1	3.1	3.2	3.9
Stockholders' equity	14.2	13.7	13.8	13.9	14.4	15.6
	Retail food corporations 1/					
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Depreciation 2/	66	260	301	326	362	374
Profits, after income tax	165	261	260	243	4/299	4/277
Cash flow 3/	231	522	561	569	661	651
Total compiled receipts	11,483	27,512	30,968	33,845	34,962	37,438
Stockholders' equity 5/	1,243	2,668	2,964	3,170	7/3,396	3,639
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Depreciation as a percentage of:						
Total compiled receipts	0.6	0.9	1.0	1.0	1.0	1.0
Stockholders' equity	5.3	9.7	10.2	10.3	10.7	10.3
Profits, after income tax, as a percentage of:						
Total compiled receipts	1.4	.9	.8	.7	.9	.7
Stockholders' equity	13.3	9.8	8.8	7.7	8.8	7.6

Continued--

Table 14.--Depreciation, profits, receipts, and stockholders' equity: Food manufacturers, food retailers, and all industrial corporations, selected years, 1947-49, 1957-59, and 1960-63--Continued

Item	Retail food corporations 1/--Continued					
	1947-49	1957-59	1960	1961	1962	1963
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Cash flow as a percentage of:						
Total compiled receipts	2.0	1.9	1.8	1.7	1.9	1.7
Stockholders' equity	18.6	19.6	18.9	17.9	19.5	17.9
	All corporations					
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Depreciation 2/	7,614	23,850	26,899	28,746	32,007	34,110
Profits, after income tax	20,446	23,327	22,632	24,846	4/27,746	4/30,412
Cash flow 3/	28,061	47,177	49,531	53,092	59,753	64,522
Total compiled receipts	384,862	753,109	849,132	873,177	949,305	1,007,799
Stockholders' equity 5/	195,361	367,504	408,966	434,194	454,601	475,787
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Depreciation as a percentage of:						
Total compiled receipts	2.0	3.2	3.2	3.2	3.4	3.4
Stockholders' equity	3.9	6.5	6.6	6.6	7.0	7.2
Profits, after income tax, as a percentage of:						
Total compiled receipts	5.3	3.1	2.7	2.8	2.9	3.0
Stockholders' equity	10.5	6.3	5.5	5.7	6.1	6.4
Cash flow as a percentage of:						
Total compiled receipts	7.3	6.3	5.8	6.1	6.3	6.4
Stockholders' equity	14.4	12.8	12.1	12.2	13.1	13.6

1/ Data in this table are not strictly comparable with the food marketing bill statistics presented in this article. Data in this table neither exclude nonfoods, exports and nonfarm foods marketed by food firms nor include domestic farm foods marketed by nonfood firms.

2/ Depreciation includes amortization and depletion.

3/ Sum of annual depreciation charges and profits after income taxes.

4/ Includes the investment tax credit authorized by the Revenue Act of 1962. The effect of the credit was to increase after-tax income by 4.6 percent in 1962 and 4.4 percent in 1963 for food manufacturers; 6.3 and 6.4 for food retailers; and 3.0 and 3.6 for all corporations.

5/ Stockholders' equity includes capital stock surplus and reserves.

6/ IRS data on stockholders' equity were not available for 1962. Data for this year were estimates by ERS.

Compiled from Statistics of Income, Corporation Income Tax Returns, Internal Revenue Service. Data for earlier years were published in AER-47, Rising Depreciation of Assets in Agricultural Marketing Firms, Economic Research Service, USDA, December 1963.

TRANSPORTING U.S. WHEAT, CORN, AND SOYBEANS IN EXPORT CHANNELS 1/

The volume of U.S. agricultural exports has been trending upward since 1950. U.S. agricultural exports in 1965 represented 23 percent of the value of all U.S. exports.

Wheat accounted for more than a sixth of the value of agricultural exports from the United States in 1965, while corn and soybeans jointly accounted for nearly a fourth. Together, these 3 products made up more than two-fifths of the total value of U.S. agricultural exports and nearly a tenth of the value of all U.S. exports in this period. More than two-fifths of the volume of all wheat and more than half of all corn moving in world trade during 1963-65 originated in the United States.

A rapidly increasing Asian population, increasing livestock and poultry numbers in western Europe and Japan, and the general prosperity of developed nations make it likely that world demand for U.S. farm products--especially grains and soybeans--will at least continue at present levels and probably increase somewhat.

Of the $6.1 billion of agricultural commodities exported in fiscal year 1964-65, about $\frac{1}{2}$ percent moved by air. Air freight shipments of agricultural commodities such as baby chicks and live animals have shown continuous and rapid growth. The value of agricultural products exported by air was nearly 27 percent greater in 1965 than in 1964. Small volumes of farm products are shipped to Canada and Mexico by rail and truck.

The increased quantity of merchant shipping available since 1946 has facilitated the movement of U.S. farm products to overseas markets. Between June 30, 1946, and June 30, 1965, total carrying capacity of the world merchant fleet increased from 99.2 million to 209.0 million tons of 2,240 pounds.

Principal Markets for U.S. Grain

India, Japan, the Netherlands, and Canada are the chief importers of U.S. grain and soybeans. All of these 4 countries, except India, are major markets for dollar sales. The United Kingdom and Italy are also significant dollar markets for corn and soybeans; and Pakistan is an important market for wheat exported under public programs (tables 15 and 16).

Canada.--Canada is the largest market for U.S. exports of corn and the second largest for soybeans, without counting imports for transshipment (table 15). (Large quantities of U.S. corn, wheat, and soybeans are shipped to ports on the St. Lawrence River in Canada for transshipment to overseas destinations.)

Europe.--While Belgium is not a major importer of U.S. grain, its port of Antwerp, together with Rotterdam and Amsterdam in the Netherlands, accounted for average annual receipts of more than 5 million tons of U.S. corn, wheat, and soybeans between 1963 and 1965. Much of the grain received in these 3 ports is transshipped to other European destinations.

The United Kingdom is a major importer of wheat. But it obtains most of its wheat requirements from Canada and Australia. U.S. grain exports to the United Kingdom consist chiefly of corn.

Asia.--Asian countries are the destinations for nearly half of all U.S. wheat exports (table 15).

1/ Prepared by T. Q. Hutchinson, industry economist, Marketing Economics Division, Economic Research Service, USDA.

Table 15.--Wheat inspected for export, by exporting areas and country of destination, 1963-65 average

Destination country	Exporting areas								
	Lakes 1/	Atlantic		Gulf		Pacific		Total	
	Commercial sales	Commercial sales	Government programs	Commercial sales	Government programs	Commercial sales	Government programs	Commercial sales	Government programs
	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons
United Kingdom	129	102	---	130	---	1	---	361	---
Belgium	92	30	---	81	---	26	---	229	---
Netherlands	322	88	---	407	---	24	---	842	---
Poland	43	102	70	38	371	---	---	160	463
United Arab Republic	59	---	107	12	968	---	---	72	1,074
Brazil	---	---	54	---	1,146	---	---	---	1,200
India	---	---	35	9	4,421	12	1,037	21	5,493
Pakistan	---	---	63	---	1,535	---	431	---	2,029
Japan	---	---	---	1	---	1,861	---	1,862	---
Korea	---	---	22	---	158	43	373	43	553
Formosa	---	---	3	---	62	61	260	61	325
Other	493	707	593	1,229	2,050	400	1,577	2,768	4,273
Total 2/	1,139	1,029	948	1,908	10,711	2,428	3,677	6,417	15,402
Totals for exporting area 2/	1,139	1,977		12,619		6,106		21,820	

1/ The small volume moved under Government programs (less than 3 million bushels average) is included in commercial sales.

2/ Totals may not add due to rounding.

Compiled from Grain Market News, Consumer and Marketing Service, USDA.

Table 16.--Corn and soybeans: Volume inspected for export, by exporting areas and country of destination 1963-65 average

Product and country of destination	Exporting areas				
	Lakes	Atlantic	Gulf	Pacific	Total
	1,000 tons	1,000 tons	1,000 tons	1,000 tons	1,000 tons
Corn:					
Canada 1/	2,064	---	---	---	2,064
United Kingdom	541	814	248	---	1,603
Spain	11	331	571	---	913
Belgium	167	96	621	---	883
Netherlands	324	162	1,528	---	2,014
West Germany	144	115	432	---	692
Italy	21	73	1,588	---	1,682
Japan	---	22	1,859	63	1,945
Others	147	723	1,313	8	2,192
Total 2/	3,419	2,337	8,161	72	13,988
Soybeans:					
Canada 1/	1,030	---	---	---	1,030
United Kingdom	35	110	17	---	162
Spain	8	23	109	---	141
Belgium	37	2	130	---	168
Netherlands	142	62	784	---	987
West Germany	64	22	466	---	553
Italy	28	13	289	---	330
Japan	64	70	1,332	---	1,471
Others	72	261	937	---	1,270
Total 2/	1,484	564	4,064	---	6,111

1/ Transshipments to other countries not included.
2/ Data may not add to total because of rounding.

Compiled from Grain Market News, Consumer and Marketing Service, USDA.

India is the largest single taker of U.S. wheat. In recent years, 25 percent of all U.S. wheat exports have been destined for India. Most of this wheat is exported under Government programs; less than 1 percent is sold for dollars.

Japan is the largest foreign market for U.S. soybeans (originally an Asian crop), the second largest for U.S. wheat, and the third largest for U.S. corn. In contrast to India, Japan buys all its requirements with dollars.

Exporting Port Areas

Each of the 4 U.S. port areas shows a somewhat different traffic pattern and commodity mix, although they frequently compete in the same overseas grain markets. The distribution of grain and soybeans among ports is influenced by location of

production areas, transportation costs, and the location and desires of foreign buyers. Commodity Credit Corporation actions which have included obtaining favorable transportation rates and establishing subsidy payments to facilitate marketing burdensome supplies of grain, chiefly wheat, located at various inland points have also influenced grain distribution patterns.

U.S. Great Lakes ports.--The Great Lakes ports are located between 1,432 miles (Oswego) and 2,342 miles (Duluth-Superior) from the sea. Since the opening of the St. Lawrence Seaway, the volume of grain exported through Great Lakes ports has increased markedly each year.

Nearly all of the wheat and a large part of the corn moving to Canada from the United States is transshipped to overseas destinations. The need for transshipment arises from the draft and navigation limitations of the St. Lawrence Seaway. Since the Seaway cannot accommodate vessels drawing more than 25.5 feet of water, most fully loaded ocean vessels cannot transit it. Hence, it is common practice to load vessels to the maximum permitted draft at one of the Great Lakes ports, transit the Seaway and "top off" the vessel's cargo at a port on the lower St. Lawrence River. Nearly half of the wheat, corn, and soybeans exported through U.S. Great Lakes ports is transshipped in this manner. Direct exports of U.S. wheat, corn, and soybeans from Great Lakes ports to overseas destinations doubled between 1963 and 1965. U.S. shipments of these products to Canadian ports decreased by 1 percent in the same period.

Corn and soybean exports through the Great Lakes are much larger in volume than wheat exports. In recent years, Great Lakes ports have accounted for about 24 percent of U.S. corn and soybean exports, much of which go to Canada (table 16).

The volume of grain exported through Great Lakes ports will increase; however, the present capacity of the Seaway now imposes an upper limit. Thus, the share of total U.S. grain exports accounted for by the Great Lakes ports is likely to remain relatively constant, at best, or decline in the next few years.

Atlantic Coast ports.--Approximately three-fourths of the grain exported through Atlantic Coast ports moves while ice stops traffic on the St. Lawrence Seaway. Corn and soybeans predominate in the Atlantic Coast ports' export grain traffic as they do from the Great Lakes. Unlike the Lakes ports, the Atlantic ports' share of U.S. grain exports shows a declining trend, although the volume has continued to increase (table 17). These 2 trends probably will continue, mainly because of the inland rail rate structure.

Increased soybean production in the Southern States and favorable rail rates from Tennessee River and Ohio River points in time will favor exports from Charleston. Baltimore, Philadelphia, and Norfolk are also likely to show increased volumes. The total effect, however, is unlikely to increase the Atlantic Coast's share of grain exports.

U.S. Gulf Coast ports.--The U.S. Gulf ports enjoy the largest volume of U.S. grain exports. During the past several years, this volume has increased as has the Gulf's share of total grain exports.

Between 1963 and 1965, the U.S. Gulf ports accounted for an annual average of about 58 percent of the wheat and corn and 66 percent of the soybeans exported from the United States. Canada is the only major market for U.S. grain not served by the Gulf.

Several interacting factors have contributed to the Gulf ports' favorable export situation. Possibly the most important of these has been the availability of low cost barge transportation to Baton Rouge and New Orleans. To remain competitive, railroads have found it necessary to offer low rail rates and superior service from Midwestern

Table 17.--Percentage distribution of U.S. exports of corn, wheat and soybean, by exporting areas, 1955, 1958, and 1960-64 1/

Exporting areas	1955	1958	1960	1961	1962	1963	1964
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Great Lakes	2/	2/	11	12	14	16	14
Atlantic	42	29	18	15	14	14	10
Gulf	41	61	53	59	62	62	66
Pacific	17	10	18	14	10	8	10
Total	100	100	100	100	100	100	100

1/ Compiled from Waterborne Commerce of the United States, Parts 1, 2, 3, and 4, U.S. Corps of Engineers, Board of Rivers and Harbors.
2/ Less than one-half of 1 percent.

grain terminals to the Gulf ports. Trucks have also been a factor particularly in the movement of wheat to Texas ports.

Shifts in crop production patterns in the South have also contributed to the Gulf ports' rise. Considerable land has been switched from cotton to soybean production, thus making additional quantities of soybeans available for export from the eastern Gulf ports. Wheat produced in Texas and Oklahoma finds export markets through Texas ports.

Finally, the Gulf ports' geographic location enables them to serve both European and Asian markets and places them closer to Brazil, the major South American market for U.S. grain, than any other U.S. port.

Low cost barge transportation, favorable rail rates, local grain production, and advantageous geographic location--all of which have contributed to the Gulf ports' current preeminence in grain exporting--add up to a very favorable outlook for these ports.

Pacific Coast ports.--In recent years, the U.S. Pacific Coast ports have accounted for more than a fourth of the total exports of U.S. wheat. Exports of corn and soybeans from these ports are negligible. Most of the Pacific Coast's wheat exports move to Asian markets; only small quantities go to markets in Europe (table 15). Japan has been the Pacific ports' best customer, accounting for 30 percent of all wheat exported through these ports between 1963 and 1965. India accounted for 17 percent.

Wheat exporting from the Pacific Coast is concentrated at Columbia River and Puget Sound ports. Until recent years, most of this wheat was white wheat produced in Washington, Oregon, and Idaho. In recent years, the volume of wheat exports has increased largely because a new rail rate structure has encouraged shipments from hard winter and spring wheat-producing regions through the Northwestern ports. The volume of wheat exported is likely to increase.

For feed grains and soybeans, the outlook is less favorable. All of the Pacific Coast ports are located a long distance from surplus-producing areas, and higher inland transportation costs make it unlikely that exports of these crops will shift to the Pacific ports to any significant extent from the Great Lakes and Gulf ports, which are located nearer major corn, soybean, and grain sorghum production areas.

Ocean Voyage Charter Rates for Grain

Between 1961 and 1965, voyage chartered merchant vessels were reported carrying about 172 million of the 244 million tons of corn, wheat, and soybeans (the so-called heavy grains) exported from U.S. and Canadian ports. Most of the unaccounted for 72 million tons probably also moved in chartered vessels. Grain exporters are not required to report their chartering transactions, and some firms prefer not to disclose them.

Voyage charter rates are the charge per ton made for chartering a ship for 1 or more voyages between specified ports. These charges are arrived at through negotiation between the ship's operator and the prospective shipper in an essentially free market. In most transactions, a ship broker serves as an intermediary between the principals. The ship broker may also arrange for marine insurance and various shore services.

Voyage charter rates of U.S. flag vessels are much higher than those of foreign flag vessels. Higher labor and maintenance costs for U.S. vessels probably are the chief causes of this difference. In exporting grain, U.S. flag vessels usually have been chartered only for cargoes subject to the Cargo Preference Act of 1954 because of their high rates. This Act (68 Stat. 832) requires that at least 50 percent of all Government Cargoes be carried on "...privately owned United States-flag commercial vessels..." During fiscal years 1964 and 1965, about two-fifths of U.S. heavy grain exports were Government financed. Thus, only one-fifth of the heavy grain exported in each year was required to move in U.S. flag vessels.

Rates vary widely in the short run. For example, during the second half of 1963, the average rates charged by foreign vessels nearly doubled. U.S. flag rates increased during this time but did not show dramatic gains. In general, U.S. flag rates have fluctuated less than their foreign flag counterparts. But they showed rising trends in the 1961-65 period while foreign flag rates did not.

Great Lakes and St. Lawrence ports.--Ice stops the traffic between the Great Lakes and the sea from mid-December to mid-April, causing a marked seasonality in export movements from Great Lakes ports. In early spring and late fall, rates from Great Lakes ports average considerably more than during the summer navigation season. Rates to the United Kingdom during the spring and fall averaged $2.25 per ton above the summer rates during 1961-65. Rates to Antwerp-Rotterdam-Amsterdam during the same seasons averaged $1.17 more than during the summer.

Rates from St. Lawrence River origins have been much below those from Great Lakes origins (table 18). Some of this difference can be accounted for by the distance-to-destination differential between the 2 origin areas, but the time differential is probably more important. For example, Chicago is 1,078 nautical miles farther from Antwerp than Montreal (4,117 vs. 3,039); however, the voyage from Chicago to Antwerp requires nearly twice as much time as that from Montreal due to the locks and restricted channels between Chicago and Montreal.

The imbalance between upbound (east to west) and downbound (west to east) traffic through the St. Lawrence Seaway may also partly explain the relatively high ocean freight rates for grain exported directly from Great Lakes ports (table 17). In recent years, downbound bulk traffic on the Seaway's Welland Canal has exceeded upbound traffic by 14 to 17 million tons annually. Thus, many vessels moved empty to Great Lakes ports. Since vessel owners attempt to cover all their operating costs, they try to include charges for empty-upbound cargo space in rates charged for downbound movements.

U.S. North Atlantic ports.--U.S. ports north of Cape Hatteras had a distinct advantage in voyage charter rates over Great Lakes ports. Despite this advantage, the North Atlantic ports exported only 32 percent of the heavy grains from North America bound to United Kingdom in 1961-65 and 8 percent of that bound to Antwerp-

Table 18.--Average voyage charter rates per ton for corn, wheat, and soybeans, 1961-65 1/

Origin and destination areas	Flag	1961	1962	1963	1964	1965
		Dollars	Dollars	Dollars	Dollars	Dollars
Great Lakes Ports:						
To: United Kingdom	Foreign	8.55	6.84	7.36	7.36	8.61
Antwerp-Rotterdam-Amsterdam	Foreign	7.66	6.18	7.63	7.09	7.59
St. Lawrence River Ports:						
To: United Kingdom	Foreign	5.72	4.36	5.36	5.51	5.94
Antwerp-Rotterdam-Amsterdam	Foreign	4.39	3.00	4.02	3.81	4.19
U.S. Atlantic Ports north from Cape Hatteras:						
To: United Kingdom	Foreign	5.74	4.53	5.45	5.60	6.15
Antwerp-Rotterdam-Amsterdam	Foreign	4.91	3.27	4.78	4.78	5.00
U.S. Gulf Ports:						
To: United Kingdom	Foreign	7.10	4.72	6.86	6.46	7.67
Antwerp-Rotterdam-Amsterdam	Foreign	4.08	3.50	4.83	4.68	4.80
East Coast of India	Foreign	9.30	7.20	10.62	10.64	12.34
	U.S.	23.07	24.34	26.56	27.80	27.90
West Coast of India	Foreign	8.58	7.03	9.54	10.03	11.35
	U.S.	16.25	17.32	21.20	23.36	22.58
Japan	Foreign	9.48	7.04	9.36	9.25	10.64
Brazil	Foreign	6.72	5.40	7.99	7.86	9.04
	U.S.	13.36	14.06	16.96	16.38	17.73
Pacific Coast Ports north from San Francisco:						
To: East Coast of India	Foreign	8.14	7.80	9.09	8.91	11.28
	U.S.	20.68	21.65	23.44	23.10	24.44
West Coast of India	Foreign	7.72	6.67	9.07	9.04	10.24
	U.S.	14.78	17.81	21.62	20.70	21.19
Japan	Foreign	5.90	4.76	5.66	6.21	7.36

1/ Averages of rates for individual cargoes weighted by volume; rates are for ton of 2,000 pounds and for calendar years.

Rotterdam-Amsterdam. This movement is also highly seasonal, reaching a peak when the St. Lawrence Seaway is closed to navigation.

Gulf ports.--Rates from the U.S. Gulf ports to Antwerp-Rotterdam-Amsterdam are substantially below those from the Great Lakes ports (table 18). Since inland transportation rates from many major grain-producing areas to the U.S. Gulf and Great Lakes ports do not differ greatly, it is easy to see why shipments to Antwerp-Rotterdam-Amsterdam from the U.S. Gulf far exceed those from the Great Lakes. 2/

In addition, the U.S. Gulf ports supplied Asian grain markets with an average of 5.5 million long tons annually during 1961-65 and were the only U.S. harbors from which grain moved to Brazil.

Rates to the eastern coast of India were higher than those to the western coast. Two factors are responsible for the higher rates. Restricted navigation at the eastern India ports results in smaller capacity vessels calling at them. Further, grain cargoes are discharged at a much slower rate at the eastern ports, substantially increasing port time for vessels calling at these ports. 3/

Rates from U.S. Gulf ports for U.S. flag vessels are more than twice those of foreign flag vessels. The difference in rates between the 2 Indian trades is also markedly greater for U.S. flag vessels than for foreign vessels. U.S. flag vessels' rates to Brazil are also about twice as high as their foreign counterparts.

North Pacific.--Rates from the North Pacific ports (Pacific Coast ports north from San Francisco) to Japan are much lower than those from the U.S. Gulf. This is mainly because Japan is about 5,000 nautical miles closer to the Pacific Coast than to the Gulf Coast. For shipments to India, the difference in distance is much less and the effect on rates is less noticeable.

Outlook

The long-term outlook for voyage charter rates is favorable to U.S. exporters. Although European, Asian, and possibly African demand for U.S. farm products probably will increase, foreign flag rates may fall. Causing this fall will be an influx of shipping tonnage now under construction in foreign shipyards. While it is very unlikely that much grain will move in the newly constructed vessels, their entry into the market is likely to increase the total supply of shipping sufficiently to bring about downward pressure on ocean freight rates for grain.

2/ Board of Trade of the City of Chicago vs. Illinois Central Railroad Co., et al., ICC Docket No. 34348.

3/ Based on statements made by members of the staff of the Foreign Agriculture Service, USDA.

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8. "Costs of Storing and Handling Grain in Commercial Elevators, 1964-65," U.S. Dept. Agr., Econ. Res. Ser., ERS-288, Apr. 1966.
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10. "Ownership Changes Made by Bakery and Dairy Products Companies, 1959-64," by Edward A. Cohn and Lindon N. Crutchfield, U.S. Dept. Agr., Econ. Res. Ser., ERS-291, June 1966.
11. "Power Requirements and Costs for High-Capacity Cotton Gins," by Charles A. Wilmot and Harold Watson, U.S. Dept. of Agr., Econ. Res. Ser., MRR-763, July 1966.
12. "Present and Alternative Methods of Pricing Eggs," by Fred L. Faber, U.S. Dept. Agr., Econ. Res. Ser., ERS-275, Feb. 1966.
13. "Price Merchandising in Food Retailing: A Case Study," by Paul E. Nelson and Lee E. Preston, IBER Special Publications, 1966. (For sale - Institute of Business and Economic Research, University of California, Berkeley, California 94720.)
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17. "Structural Changes in the Federally Inspected Livestock Slaughter Industry, 1950-62," by Willis E. Anthony, U.S. Dept. Agr., Econ. Res. Ser., AER-83, Feb. 1966.
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20. "The Economic Feasibility of Processing Selected Vegetables in Northeastern North Carolina," by James L. Pearson, U.S. Dept. Agr., Econ. Res. Ser., ERS-279, May 1966. (Fla. Agr. Expt. Sta. cooperating.)
21. "The Economics of Dairy Marketing - An Annotated Bibliography," by Alden C. Manchester, U.S. Dept. Agr., Econ. Res Ser., ERS-290, July 1966.
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23. "Vertically Integrated Methods of Producing and Marketing Eggs: an Economic Evaluation," by Harold B. Jones and H. Ronald Smalley, Ga. Agr. Expt. Sta., Bull. N. S.-160, May 1966. (Econ. Res. Ser., USDA cooperating.)

Publications issued by State Agricultural Experiment Stations may be obtained from the issuing Station.

Table 19.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, April-June 1966

Product 1/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	1,095.16	---	---	439.13	656.03	40
Meat products			330.90	---	---	180.94	149.96	55
Dairy products			186.12	---	---	85.18	100.94	46
Poultry and eggs			91.07	----	---	51.92	39.15	57
Bakery and cereal products 3/			164.71	---	---	35.94	128.77	22
All ingredients			---	32.87	5.23	27.64	---	17
Grain			236.09	---	---	64.27	171.82	27
All fruits and vegetables			116.59	---	---	40.11	76.48	34
Fresh fruits and vegetables			45.46	---	---	15.97	29.49	35
Fresh fruits			71.13	---	---	24.14	46.99	34
Fresh vegetables								
Processed fruits and vegetables			119.50	---	---	24.15	95.35	20
Fats and oils			38.87	---	---	12.15	26.72	31
Miscellaneous products			47.40	---	---	8.73	38.67	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade	2.25 lb. Choice grade cattle	Pound	85.5	57.2	6.3	50.9	34.6	60
Lamb, Choice grade	2.33 lb. lamb	Pound	86.9	55.8	9.2	46.6	40.3	54
Pork	2.00 lb. hogs	Pound	72.4	46.1	6.3	39.8	32.6	55
Butter	Cream and whole milk	Pound	79.0	---	---	58.2	20.8	74
Cheese, American process	Milk for American cheese	½ pound	41.5	---	---	17.6	23.9	42
Ice cream	Cream, milk, and sugar	½ gallon	78.8	---	---	27.9	50.9	35
Milk, evaporated	Milk for evaporating	14½-ounce can	15.6	---	---	7.5	8.1	48
Milk, fresh								
Home delivered	4.39 lb. Class I milk	½ gallon	54.5	---	---	22.7	31.8	42
Sold in stores	4.39 lb. Class I milk	½ gallon	48.7	---	---	22.7	26.0	47
Chickens, frying, ready-to-cook	1.37 lb. broiler	Pound	42.4	---	---	22.2	20.2	52
Eggs, Grade A large	1.03 dozen	Dozen	55.5	---	---	34.6	20.9	62
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.8	---	---	3.6	18.2	17
Wheat	.877 lb. wheat	Pound	---	3.2	.3	2.9	---	13
Bread, whole or cracked wheat	.708 lb. wheat	Pound	28.1	---	---	3.3	24.8	12
Cookies, sandwich	.528 lb. wheat	Pound	50.5	---	---	4.5	46.0	9
Corn flakes	2.87 lb. yellow corn	12 ounces	29.5	4/ 6.2	4/ 3.6	4/ 2.6	26.9	9
Flour, white	6.8 lb. wheat	5 pounds	58.4	25.4	2.8	22.6	35.8	39
Apples	1.04 lb. apples	Pound	20.7	---	---	8.9	11.8	43
Grapefruit	1.03 grapefruit	Each	14.6	---	---	3.5	11.1	24
Lemons	1.04 lb. lemons	Pound	23.2	---	---	6.4	16.8	28
Oranges	1.03 doz. oranges	Dozen	75.7	---	---	17.7	58.0	23
Cabbage	1.08 lb. cabbage	Pound	12.6	---	---	3.3	9.3	26
Carrots	1.03 lb. carrots	Pound	17.4	---	---	7.1	10.3	41
Celery	1.08 lb. celery	Pound	16.0	---	---	5.5	10.5	34
Cucumbers	1.09 lb. cucumbers	Pound	29.2	---	---	8.1	21.1	28
Lettuce	1.88 lb. lettuce	Head	24.2	---	---	7.9	16.3	33
Onions	1.06 lb. onions	Pound	13.6	---	---	7.1	6.5	52
Peppers, green	1.09 lb. peppers	Pound	41.8	---	---	16.4	25.4	39
Potatoes	10.42 lb. potatoes	10 pounds	81.5	---	---	25.2	56.3	31
Spinach	.71 lb. spinach	10 ounces	29.2	---	---	4.7	24.5	16
Tomatoes	1.18 lb. tomatoes	Pound	36.8	---	---	13.0	23.8	35
Peaches, canned	1.60 lb. Calif. cling peaches	No. 2½ can	35.5	---	---	5.5	30.0	15
Pears, canned	1.85 lb. pears for canning	No. 2½ can	49.9	---	---	12.3	37.6	25
Beets, canned	1.24 lb. beets for canning	No. 303 can	17.3	---	---	1.1	16.2	6
Corn, canned	2.495 lb. sweet corn	No. 303 can	22.2	---	---	2.7	19.5	12
Peas, canned	.69 lb. peas for canning	No. 303 can	24.0	---	---	3.4	20.6	14
Tomatoes, canned	1.84 lb. tomatoes for canning	No. 303 can	17.7	---	---	3.4	14.3	19
Orange juice, concentrate, frozen	3.00 lb. oranges	6-ounce can	22.4	---	---	8.9	13.5	40
French fried potatoes, frozen	1.38 lb. potatoes	9 ounces	15.8	---	---	2.5	13.3	16
Peas, frozen	.70 lb. peas for freezing	10 ounces	19.8	---	---	3.5	16.3	18
Beans, navy	1.00 lb. Mich. dry beans	Pound	20.1	---	---	7.6	12.5	38
Margarine	Soybeans, cottonseed, and milk	Pound	28.5	---	---	9.1	19.4	32
Peanut butter	1.33 lb. peanuts	12-ounce jar	45.1	---	---	15.2	29.9	34
Salad and cooking oil	Soybeans, cottonseed, and corn	Pint	38.6	---	---	9.7	28.9	25
Vegetable shortening	Soybeans and cottonseed	3 pounds	89.4	---	---	31.5	57.9	35
Sugar	Sugar beets and cane	5 pounds	60.0	22.9	1.3	5/ 21.6	5/ 38.4	5/ 36
Spaghetti with sauce, canned	Wheat, tomatoes, cheese, sugar	15½-ounce can	15.7	---	---	2.1	13.6	13

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery and cereal products group and the individual wheat products, gross farm value, by product allowance, net farm value and farmer's share are based on the market price of wheat received by farmers plus 75 cents per bushel, the cost of the marketing certificate to millers and the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

4/ Based on the market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.5 cents, farm-retail spread adjusted for Government processor tax was 35.7 cents, and farmer's share of retail cost based on adjusted farm value was 42 percent.

Table 20.--Farm food products: Retail cost and farm value, April-June 1966, January-March 1966, April-June 1965, and 1957-59 average

Product 1/	Retail unit	Retail cost						Net farm value 2/					
		April-June 1966	January-March 1966	April-June 1965 3/	1957-59 average	Percentage change April-June 1966 from-		April-June 1966	January-March 1966 3/	April-June 1965 3/	1957-59 average	Percentage change April-June 1966 from-	
						January-March 1966	April-June 1965					January-March 1966	April-June 1965
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	1,095.16	3/ 1,090.57	1,038.29	982.65	4/	5	439.13	452.64	408.91	387.87	-3	7
Meat products		330.90	3/ 338.99	292.11	285.05	-2	13	180.94	194.47	161.34	154.47	-7	12
Dairy products		186.12	182.52	177.82	173.33	2	5	85.18	84.78	77.12	77.85	4/	10
Poultry and eggs		91.07	94.23	82.63	93.02	-3	10	51.92	56.88	46.40	56.28	-9	12
Bakery and cereal products 5/													
All ingredients		164.71	163.41	160.83	148.40	1	2	35.94	34.38	32.49	30.55	5	11
Grain		---	---	---	---	---	---	27.64	26.60	25.24	23.40	4	10
All fruits and vegetables		236.09	226.39	241.04	202.96	4	-2	64.27	61.65	71.45	50.05	4	-10
Fresh fruits and vegetables		116.59	108.62	124.69	91.15	7	-6	40.11	36.94	45.05	28.70	9	-11
Fresh fruits		45.46	39.67	43.48	36.26	15	5	15.97	12.74	12.81	12.26	25	25
Fresh vegetables		71.13	68.95	81.21	54.89	3	-12	24.14	24.20	32.24	16.44	4/	-25
Processed fruits and vegetables		119.50	117.77	116.35	111.81	1	3	24.15	24.70	26.40	21.35	-2	-9
Fats and oils		38.87	37.96	37.73	37.56	2	3	12.15	11.77	11.81	11.19	3	3
Miscellaneous products		47.40	47.07	46.13	42.33	1	3	8.73	8.71	8.30	7.48	4/	5
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef, Choice grade	Pound	85.5	84.6	80.5	78.1	1	6	50.9	51.4	48.3	48.3	-1	5
Lamb, Choice grade	Pound	86.9	85.7	79.2	70.0	1	10	46.6	51.0	46.6	40.2	-9	0
Pork	Pound	72.4	78.1	59.7	60.5	-7	21	39.8	46.3	33.7	31.0	-14	18
Butter	Pound	79.0	77.8	74.9	73.2	2	5	58.2	57.1	54.2	52.6	2	7
Cheese, American process	½ pound	41.5	39.6	37.6	32.3	5	10	17.6	17.6	15.1	14.2	0	17
Ice cream	½ gallon	78.8	78.2	79.3	84.2	1	-1	27.9	27.1	24.7	23.4	3	13
Milk, evaporated	14½-ounce can	15.6	15.3	15.2	14.5	2	3	7.5	7.2	6.5	6.2	4	15
Milk, fresh													
Home delivered	½ gallon	54.5	53.6	52.1	50.8	2	5	22.7	22.8	20.9	21.9	4/	9
Sold in stores	½ gallon	48.7	48.0	46.7	46.6	1	4	22.7	22.8	20.9	21.9	4/	9
Chickens, frying, ready-to-cook	Pound	42.4	41.8	39.0	43.5	1	9	22.2	22.8	21.1	24.4	-3	5
Eggs, Grade A large	Dozen	55.5	60.9	49.2	56.2	-9	13	34.6	40.4	28.6	36.1	-14	21
Bread, white													
All ingredients	Pound	21.8	21.5	20.9	18.5	1	4	3.6	3.5	3.2	3.0	3	12
Wheat	Pound	---	---	---	---	---	---	2.9	2.8	2.6	2.4	4	12
Bread, whole or cracked wheat	Pound	28.1	27.8	26.8	---	1	5	3.3	3.2	3.0	---	3	10
Cookies, sandwich	Pound	50.5	50.5	50.8	---	0	-1	4.5	4.4	4.2	---	2	7
Corn flakes	12 ounces	29.5	29.0	28.9	24.5	2	2	2.6	2.5	2.7	2.4	4	-4
Flour, white	5 pounds	58.4	58.2	58.2	53.3	4/	4/	22.6	21.7	20.3	18.8	4	11
Apples	Pound	20.7	17.0	19.0	16.1	22	9	8.9	6.7	5.8	4.7	33	53
Grapefruit	Each	14.6	12.9	13.9	10.7	13	5	3.5	2.7	3.0	2.7	30	17
Lemons	Pound	23.2	23.7	24.2	18.4	-2	-4	6.4	5.8	6.9	4.2	10	-7
Oranges	Dozen	75.7	72.1	74.5	66.0	5	2	17.7	15.4	18.0	23.2	15	-2
Cabbage	Pound	12.6	12.5	13.0	8.7	1	-3	3.3	4.0	4.7	2.4	-18	-30
Carrots	Pound	17.4	16.4	15.1	14.5	6	15	7.1	5.4	4.8	3.7	31	48
Celery	Pound	16.0	17.5	15.5	15.3	-9	3	5.5	6.1	4.8	4.4	-10	15
Cucumbers	Pound	29.2	29.9	25.4	---	-2	15	8.1	11.0	6.3	---	-26	29
Lettuce	Head	24.2	31.1	29.3	22.6	-22	-17	7.9	13.8	12.9	6.0	-43	-39
Onions	Pound	13.6	10.2	12.7	10.1	33	7	7.1	2.5	4.9	3.4	184	45
Peppers, green	Pound	41.8	41.0	45.3	---	2	-8	16.4	15.4	15.7	---	6	4
Potatoes	10 pounds	81.5	68.1	112.1	58.3	20	-27	25.2	21.6	51.1	17.8	17	-51
Spinach	10 ounces	29.2	29.2	29.2	---	0	0	4.7	7.3	5.1	---	-36	-8
Tomatoes	Pound	36.8	35.8	39.0	30.1	3	-6	13.0	12.8	14.2	10.6	2	-8
Peaches, canned	No. 2½ can	35.5	34.2	32.2	34.3	4	10	5.5	5.5	5.0	6.1	0	10
Pears, canned	No. 2½ can	49.9	51.6	44.8	---	-3	11	12.3	12.3	8.1	---	0	52
Beets, canned	No. 303 can	17.3	17.0	16.5	---	2	5	1.1	1.1	1.2	---	0	-8
Corn, canned	No. 303 can	22.2	21.4	19.9	17.8	4	12	2.7	2.7	2.5	2.4	0	8
Peas, canned	No. 303 can	24.0	24.1	23.8	21.0	4/	1	3.4	3.4	3.3	3.1	0	3
Tomatoes, canned	No. 303 can	17.7	17.1	16.0	15.6	4	11	3.4	3.4	2.8	2.3	0	21
Orange juice, concentrate, frozen	6-ounce can	22.4	21.3	23.7	23.4	5	-5	8.9	9.7	9.9	8.2	-8	-10
French fried potatoes, frozen	9 ounces	15.8	15.8	17.2	---	0	-8	2.5	2.3	5.3	---	9	-53
Peas, frozen	10 ounces	19.8	19.9	20.6	19.9	-1	-4	3.5	3.5	3.5	3.2	0	0
Beans, navy	Pound	20.1	19.9	17.2	16.3	1	17	7.6	8.7	6.1	6.9	-13	25
Margarine	Pound	28.5	28.1	28.0	27.4	1	2	9.1	8.7	8.8	7.8	5	3
Peanut butter	12-ounce jar	45.1	45.0	45.0	41.4	4/	4/	15.2	15.6	15.3	14.1	-3	-1
Salad and cooking oil	Pint	38.6	36.2	35.0	---	7	10	9.7	9.4	9.2	---	3	5
Vegetable shortening	3 pounds	89.4	88.2	89.3	90.4	1	4/	31.5	30.3	30.6	28.2	4	3
Sugar	5 pounds	60.0	59.5	59.1	54.5	1	2	21.6	21.6	21.1	20.2	0	2
Spaghetti with sauce, canned	15½-ounce can	15.7	15.6	15.0	---	1	5	2.1	2.1	1.8	---	[illegible]	17

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most retail cost figures for April-June 1965, and net farm value figures for January-March 1966, and April-June 1965 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the net farm value for July 1964 to date is based on the market price of wheat received by farmers plus the cost of the marketing certificate to processors. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

Table 21.--Farm food products: Farm-retail spread and farmer's share of the retail cost, April-June 1966, January-March 1966, April-June 1965, and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/						Farmer's share			
		April-June 1966	January-March 1966 3/	April-June 1965 3/	1957-59 average	Percentage change April-June 1966 from- January-March 1966	Percentage change April-June 1966 from- April-June 1965	April-June 1966	January-March 1966	April-June 1965 3/	1957-59 average
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	656.03	637.93	629.38	594.78	3	4	40	3/ 42	39	39
Meat products		149.96	144.52	130.77	130.58	4	15	55	57	55	54
Dairy products		100.94	97.74	100.70	95.48	3	4/	46	46	43	45
Poultry and eggs		39.15	37.35	36.23	36.74	5	8	57	60	56	61
Bakery and cereal products 5/											
All ingredients		128.77	129.03	128.34	117.85	4/	4/	22	21	20	21
Grain		---	---	---	---	---	---	17	16	16	16
All fruits and vegetables		171.82	164.74	169.59	152.91	4	1	27	27	30	25
Fresh fruits and vegetables		76.48	71.68	79.64	62.45	7	-4	34	3/ 34	36	31
Fresh fruits		29.49	26.93	30.67	24.00	10	-4	35	3/ 32	29	34
Fresh vegetables		46.99	44.75	48.97	38.45	5	-4	34	35	40	30
Processed fruits and vegetables		95.35	93.07	89.95	90.46	2	6	20	21	23	19
Fats and oils		26.72	26.19	25.92	26.37	2	3	31	31	31	30
Miscellaneous products		38.67	38.36	37.83	34.85	1	2	18	3/ 19	18	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade	Pound	34.6	33.2	32.2	29.8	4	7	60	61	60	62
Lamb, Choice grade	Pound	40.3	34.7	32.6	29.8	16	24	54	60	59	57
Pork	Pound	32.6	31.8	26.0	29.5	3	25	55	59	56	51
Butter	Pound	20.8	20.7	20.7	20.6	4/	4/	74	73	72	72
Cheese, American process	pound	23.9	22.0	22.5	18.1	9	6	42	44	40	44
Ice cream	gallon	50.9	51.1	54.6	60.8	4/	-7	35	35	31	28
Milk, evaporated	14½-ounce can	8.1	8.1	8.7	8.3	0	-7	48	47	43	43
Milk, fresh											
Home delivered	½ gallon	31.8	30.8	31.2	28.9	3	2	42	43	40	43
Sold in stores	½ gallon	26.0	25.2	25.8	24.7	3	1	47	48	45	47
Chickens, frying, ready-to-cook	Pound	20.2	19.0	17.9	19.1	6	13	52	55	54	56
Eggs, Grade A large	Dozen	20.9	20.5	20.6	20.1	2	1	62	66	58	64
Bread, white											
All ingredients	Pound	18.2	18.0	17.7	15.5	1	3	17	16	15	16
Wheat	Pound	---	---	---	16.1	---	---	13	13	12	13
Bread, whole or cracked wheat	Pound	24.8	24.6	23.8	---	1	4	12	12	11	---
Cookies, sandwich	Pound	46.0	46.1	46.6	---	4/	-1	9	9	8	---
Corn flakes	12 ounces	26.9	26.5	26.2	22.1	2	3	9	9	9	10
Flour, white	5 pounds	35.8	36.5	37.9	34.5	-2	-6	39	37	35	35
Apples	Pound	11.8	10.3	13.2	11.4	15	-11	43	3/ 39	31	29
Grapefruit	Each	11.1	10.2	10.9	8.0	9	2	24	21	22	25
Lemons	Pound	16.8	17.9	17.3	14.2	-6	-3	28	24	29	23
Oranges	Dozen	58.0	56.7	56.5	42.8	2	3	23	21	24	35
Cabbage	Pound	9.3	8.5	8.3	6.3	9	12	26	32	36	28
Carrots	Pound	10.3	11.0	10.3	10.8	-6	0	41	33	32	26
Celery	Pound	10.5	11.4	10.7	10.9	-8	-2	34	3/ 35	31	29
Cucumbers	Pound	21.1	18.9	19.1	---	12	10	28	37	25	---
Lettuce	Head	16.3	17.3	16.4	16.6	-6	-1	33	44	44	27
Onions	Pound	6.5	7.7	7.8	6.7	-16	-17	52	25	39	34
Peppers, green	Pound	25.4	25.6	29.6	---	-1	-14	39	38	35	---
Potatoes	10 pounds	56.3	46.5	61.0	40.5	21	-8	31	32	46	31
Spinach	10 ounces	24.5	21.9	24.1	---	12	2	16	25	17	---
Tomatoes	Pound	23.8	23.0	24.8	19.5	3	-4	35	36	36	35
Peaches, canned	No. 2½ can	30.0	28.7	27.2	28.2	5	10	15	16	16	18
Pears, canned	No. 2½ can	37.6	39.3	36.7	---	-4	2	25	3/ 24	18	---
Beets, canned	No. 303 can	16.2	15.9	15.3	---	2	6	6	6	7	---
Corn, canned	No. 303 can	19.5	18.7	17.4	15.4	4	12	12	13	13	13
Peas, canned	No. 303 can	20.6	20.7	20.5	17.9	4/	4/	14	14	14	15
Tomatoes, canned	No. 303 can	14.3	13.7	13.2	13.3	4	8	19	20	18	15
Orange juice, concentrate, frozen	6-ounce can	13.5	11.6	13.8	15.2	16	-2	40	46	42	35
French fried potatoes, frozen	9 ounces	13.3	13.5	11.9	---	-1	12	16	15	31	---
Peas, frozen	10 ounces	16.3	16.4	17.1	16.7	-1	-5	18	18	17	16
Beans, navy	Pound	12.5	11.2	11.1	9.4	12	13	38	44	35	42
Margarine	Pound	19.4	19.4	19.2	19.6	0	1	32	31	31	28
Peanut butter	12-ounce jar	29.9	29.4	29.7	27.3	2	1	34	35	34	34
Salad and cooking oil	Pint	28.9	26.8	25.8	---	8	12	25	26	26	---
Vegetable shortening	3 pounds	57.9	57.9	58.7	62.2	0	-1	35	3/ 34	34	31
Sugar	5 pounds	38.4	37.9	38.0	34.3	1	1	36	36	36	37
Spaghetti with sauce, canned	15½-ounce can	13.6	13.5	13.2	---	1	3	13	13	12	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread figures for January-March 1966, and April-June 1965, and farmer's share figures for April-June 1965 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the farmer's share for July 1964 to date is based on the market price of wheat received by farmers plus the cost of the marketing certificate to processors. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

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